Petition

81-563

No.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1981

HOLIDAY RAMBLER CORPORATION,
Petitioner,

v.

NORCOM DIVISION: N.M. PATERSON & SONS LIMITED and GLENN'S TRAILER MART, INC.,
Respondents.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

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QUESTION PRESENTED

Whether the United States Court of Appeals for the Second Circuit in determining when a trademark is likely to cause confusion has evolved a "shared trademark" doctrine in conflict with the Lanham Act, 15 U.S.C. §§1051-1127, and all other Circuit Courts of Appeals.

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PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

OPINIONS BELOW

The summary order without opinion of the United States Court of Appeals for the Second Circuit (App. 1a), and the Memorandum Opinion of the United States District Court for the Northern District of New York (App. 3a), are not reported.

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* HOLIDAY RAMBLER CORPORATION has no parent companies, subsidiaries or affiliate corporations, other than wholly owned subsidiaries.

JURISDICTION OF THE SUPREME COURT

The judgment of the Court of Appeals (App. 1a) was dated and entered on May 13, 1981. An application by petitioner for an extension of time was presented to Justice Thurgood Marshall who granted the application and signed an Order Extending Time to File Petition for Writ of Certiorari to and including September 20, 1981, on August 4, 1981. (App. 12a-13a).

The Court has jurisdiction to hear this cause under 28 U.S.C. § 1254(1).

STATUTES INVOLVED

The Lanham Act, 15 U.S.C. §§ 1051-1127. The full text of Lanham Act Sections 1114(1) and 1125(a) are set forth in the Appendix. (App. 14a)

STATEMENT OF THE CASE

Petitioner, HOLIDAY RAMBLER CORPORATION, (hereinafter HOLIDAY RAMBLER), has continuously, since July of 1954, manufactured, promoted and sold travel trailers using its tradename "HOLIDAY RAMBLER" and trademarks prominently featuring the word "HOLIDAY".[1] Its quality travel trailers are sold through approximately 150 retail dealers throughout the continental United States resulting in over five hundred million dollars of business under the "HOLIDAY RAMBLER" tradename and "HOLIDAY" trademarks. No other manufacturer in the United States uses the trademark "HOLIDAY" in connection with travel trailers.

HOLIDAY RAMBLER has expended over eight million dollars in advertising and promoting its products under the "HOLIDAY RAMBLER" tradename and the "HOLIDAY" trademarks at trade shows, public exhibitions and in printed publications; the "HOLIDAY RAMBLER" tradename and the "HOLIDAY" trademarks have also been advertised and promoted by HOLIDAY RAMBLER's authorized dealers. For these reasons, the trade and purchasing public throughout the United States have long recognized "HOLIDAY RAMBLER" and "HOLIDAY" trademarks as distinguishing travel trailers as those offered and sold by HOLIDAY RAMBLER and by HOLIDAY RAMBLER only.

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[1] HOLIDAY RAMBLER owns the following United States registrations for its trademarks *without any disclaimer* of the word "HOLIDAY":

MARK	REG NO.	GOODS	STATUS
"HOLIDAY HOUSE"	725,276	House Trailers	Affidavit of Use filed
"HOLIDAY TRAV'LER"	812,024	Travel Trailers	Incontestable
"ROYAL HOLIDAY"	829,701	Travel Trailers	Incontestable
"HOLIDAY RAMBLER"	847,292	Travel Trailers	Incontestable
"HOLIDAY RAMBLETTE"	1,010,399	Travel Trailers	Incontestable

Norcom Division, N.M. Patterson and Sons Limited, (hereinafter Norcom), is a Canadian manufacturer of travel trailers which uses seven trademarks in Canada,[2] one of which is "HOLIDAY". It owns no American trademark registrations.

Respondent, Glenn's Trailer Mart, Inc., (hereinafter Glenn's), is a New York corporation which, at the time of the filing of this suit, had begun promoting and offering for sale a line of "HOLIDAY" travel trailers, obtained from Norcom, without the consent, approval or permission of HOLIDAY RAMBLER.

Upon HOLIDAY RAMBLER discovering that Norcom and Glenn's were selling travel trailers in the United States under the mark "HOLIDAY", it filed suit in the United States District Court for the Northern District of New York under the Lanham Act, seeking, *inter alia*, a permanent injunction enjoining the Defendants from using "HOLIDAY", or any other word, name, symbol or device confusingly similar to HOLIDAY RAMBLER's registered marks.

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[2] Norcom has used the following trademarks for its products in Canada:

A. "HOLIDAY" for recreational vehicles
B. "COMMODORE" for mobile homes
C. "NORFAB" for mobile homes
D. "CHATALAY" for mobile homes
E. "CHALET" for mobile homes
F. "HOMESTEAD" for mobile homes
G. "CRESTWOOD" for mobile homes

It is interesting to note that Norcom has used only the mark "HOLIDAY" in the United States in connection with travel trailers. That Norcom's use of "HOLIDAY" is undeniably a trademark usage and not a descriptive usage is evident from Norcom's having obtained Canadian registration for the trademark "HOLIDAY". Canadian Law, like United States Law, prohibits the registration of descriptive marks. Can. Rev. Stat. Chap. T-10, § 12(b) (1970).

The United States District Court for the Northern District of New York had jurisdiction over the matter by virtue of 15 U.S.C. § 1121 and 28 U.S.C. § 1338(a). Furthermore, that Court had jurisdiction under 28 U.S.C. § 1332(a) as there was diversity of citizenship between the parties, and the amount in controversy exceeded $10,000, exclusive of interest and costs.

The trial was held before United States District Court Judge Howard G. Munson who held, *inter alia:*

1. The mark "HOLIDAY" is "a descriptive term,"[3] and that even if HOLIDAY RAMBLER has established a secondary meaning in the word, there is no "significant likelihood of confusion." (App. 7a, 11a)

2. That the two "HOLIDAY" marks were somewhat different in appearance and, therefore, "an examination of the defendant's mark would not lead one to conclude that it belonged to the plaintiff corporation." (App. 9a)

3. That even though the products are comparable and are "marketed through similar channels of trade." "There is no indication that the plaintiff's goodwill or reputation has been tarnished, or that customers would be confused. . . ." (App. 10a)

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[3] It is interesting to note that Judge Munson considered the word "HOLIDAY" descriptive. None of petitioner's trademarks registered with the word "HOLIDAY" were considered descriptive by the Patent and Trademark Office. The Patent and Trademark Office did not require that "HOLIDAY" be disclaimed or that HOLIDAY RAMBLER establish a secondary meaning. Had the Patent and Trademark Office considered "HOLIDAY" a descriptive term, it would have required HOLIDAY RAMBLER to prove secondary meaning as required by 15 U.S.C. § 1052(f). Furthermore, the strength of HOLIDAY RAMBLER's trademark "HOLIDAY" does not have to be established apart from the registrations which are *prima facie* evidence of HOLIDAY RAMBLER's exclusive right to use the mark in connection with the goods specified in the registration. 15 U.S.C. § 1057(b)

4. That even though there had been "isolated circumstances" of actual customer confusion, "an unappreciable number of persons have been confused." (App. 10a, 11a)

5. That "trademarks by themselves are generally unimportant in this area." (App. 10a)

Therefore, the District Court dismissed the complaint and denied HOLIDAY RAMBLER the relief sought.

An appeal was taken to the United States Court of Appeals for the Second Circuit which affirmed the dismissal of the suit without issuing an opinion "substantially for the reasons stated by Judge Munson." (App. 2a)

ARGUMENT

The Second Circuit, in defining "likelihood of confusion" under the Lanham Act, has evolved a "shared trademark" doctrine which is in conflict with the Lanham Act, all other Circuit Courts of Appeals and is likely to confuse the public. It might be suggested that this "shared trademark" doctrine is the result of the myopic observations of a humble petitioner. In a recently published article, however, the authors Goldberg and Borchard wrote:

> "A consumer protection doctrine would be concerned only with whether a second use of a trademark was likely to cause confusion. But the *Second Circuit* now requires the first user to prove not only a likelihood of confusion, but also a superior equity in the balancing test. And this balancing test is skewed *against the first user:* its interests in exclusive use of the mark is balanced against the second user's interests in *sharing* the mark. It is much easier to argue an interest *to share* than an interest to exclude. . . . Consequently, the present status of the related goods doctrine in the Second Circuit is a *clear invitation to sharing.*" Goldberg & Borchard, *Related Goods Trademark Cases in the Second Circuit,* 70 Trade-Mark Rep. 287, 309 (1980). (emphasis added)[4]

The Lanham Act, passed in 1946, granted protection against the use of marks "likely to cause confusion or to cause mistake, or to deceive" purchasers as to the source or origin of such goods or services. 15 U.S.C. §1114. It is clear that the Lanham Act was passed not only to protect the investment that trademark owners make in their marks and the goodwill these marks represent, but also in order to protect the public from being confused as to the sponsorship or origin of goods or services. *See Amp, Inc. v. Foy,* 540 F.2d 1181 (4th Cir. 1976).

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[4] Other commentators have been equally as critical of the Second Circuit. *See* Fletcher, *The Mushrooms Case—A Toadstool By Any Other Name,* 70 Trade-Mark Rep. 314 (1980).

The Second Circuit, however, in a series of decisions,[5] has allowed goods of competitors to be placed into the marketplace with a "shared trademark." Thus, the Second Circuit is no longer protecting the interests of the trademark owners and is allowing the public to be confused as to the origin of the goods purchased. It is this regression by the Second Circuit in no longer enforcing the Lanham Act which demands review by the Supreme Court.

VITARROZ CORP. v. BORDEN, INC.

(BRAVO's for crackers is not confusingly similar to BRAVO's for chips)

In *Vitarroz Corp. v. Borden, Inc.*, 209 U.S.P.Q. 969 (2d Cir. 1981), the Plaintiff was the senior user of the "BRAVO'S" mark for crackers. The Defendant used virtually the identical mark "BRAVOS" for its chips. Both snack foods could be eaten plain or used as a scoop for dips. Furthermore, both snack foods were sold at retail stores often on the same shelves. Nonetheless, even though the Second Circuit found that the goods were very similar in use and appearance, that the marks were nearly identical, and that they were sold through the same channel of trade to the same customers often on the same shelves, the Second Circuit held that there was no likelihood of confusion. The Court itself noted that this result "may seem surprising for the marks and products appear to be no more

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[5] In keeping with the brevity appropriate for a Petition for Certiorari, Petitioner will not discuss all cases where the Second Circuit has sanctioned the use of a "shared trademark" on competing goods. *See also, Manhattan Industries Inc. v. Sweater Bee by Banff, Ltd.*, 627 F.2d 628 (2d Cir. 1980), where the Second Circuit held that the "KIMBERLY" mark for women's apparel may be *shared* after it was abandoned by its previous owner; *McGregor-Doniger, Inc. v. Drizzle, Inc.*, 599 F.2d 1126 (2d Cir. 1979), where the Second Circuit held that "DRIZZLER" was not confusingly similar to "DRIZZLE", both for overcoats.

different than the marks and products in the cases in which we have found a likelihood of confusion as a matter of law." *Vitarroz, supra,* at 976. Therefore, in allowing the competing goods to be marketed with "shared trademarks", even though they had nearly identical marks, were sold at the same retail stores and often on the same shelves, the Second Circuit has sanctioned a "shared trademark" doctrine in violation of the Congressional intent of the Lanham Act and in violation of the right of the purchasing public not to be confused as to the origin of goods.

AMERICAN FOOTWEAR CORP. v. GENERAL FOOTWEAR CO.

("BIONIC" for footwear is not confusingly similar to "BIONIC" for footwear.)

Furthermore, in *American Footwear Corp. v. General Footwear Co.*, 609 F.2d 655 (2d Cir. 1979), *cert. denied,* 445 U.S. 951 (1980), the Plaintiff was a footwear marketer using the trademark "BIONIC" who brought an action against the Defendant alleging, *inter alia,* trademark infringement. The Defendant was a footwear marketer who, pursuant to a license agreement from the television studio, was using "BIONIC" in the manufacture and sale of children's sneakers. The United States District Court for the Southern District of New York, Judge Robert L. Carter, granted Plaintiff an injunction which enjoined the television studio and its licensee from infringing upon the trademark "BIONIC".

On appeal, the Second Circuit Court of Appeals recognized that the two trademarks in question, "BIONIC" and "BIONIC", were identical and that both parties were marketers of footwear. Nonetheless, the Court dissolved the injunction and noted that "the appellants failed to establish a likelihood of confusion such that a *substantial* number of ordinarily prudent purchasers might be mislead into mistakenly purchasing American's footwear." *American Footwear, supra,* at 658 (emphasis

added). In holding that the mark "BIONIC" for footwear would not cause confusion with the mark "BIONIC" for footwear, and in requiring *substantial* purchaser confusion, the Second Circuit has again sanctioned the use of a "shared trademark." This "shared trademark" doctrine clearly conflicts with the Congressional intent of the Lanham Act, the interpretation of the Lanham Act by all other Circuits and allows public confusion as to the source of goods in the marketplace.

MUSHROOM MAKERS, INC. v. R. G. BARRY CORP.

(Junior user's mark, likely to confuse as a matter of law, not to be enjoined)

Perhaps the most blatant example of the Second Circuit's use of the "shared trademark" doctrine can be found in the case of *Mushroom Makers, Inc. v. R. G. Barry Corp.*, 580 F.2d 44 (2d Cir. 1978), *cert. denied*, 439 U. S. 1116 (1979). In fact, one noted commentator has described this decision "as incredible."[6] In *Mushroom Makers*, Defendant Barry was the senior user of the registered trademark "MUSHROOMS" for women's shoes. Plaintiff, Mushroom Makers, the junior user in this case, began to manufacture and sell a line of MUSHROOM women's sportswear with actual knowledge of Barry's registration, although it claimed to be without knowledge of Barry's use of its mark. Mushroom Makers brought suit seeking a declaratory judgment that it was not infringing Barry's mark, and Barry counterclaimed for an injunction. The District Court held for Mushroom Makers, the junior user, and the Second Circuit affirmed *per curiam*.

The District Court concluded that the *likelihood of confusion was minimal* but did exist as a latent and volatile factor which *might become a reality at some future time.* Consequently, the Court denied Barry's counterclaim, granted

[6] Greenbaum, *The Thirty-Second Year of Administration of the Lanham Trademark Act of 1946*, 69 Trade-Mark Rep. 517, 591 (1979).

Mushroom Makers' request for declaratory relief, but ordered Mushroom Makers to display a statement on its products that it was not associated with the makers of MUSHROOM's Footwear. Both sides appealed.

On appeal, the Second Circuit said that it was well-settled that likelihood of confusion was the crucial issue and reversed the lower Court's finding of no likelihood of confusion. Despite the reversal on this point, the Second Circuit denied injunctive relief to the senior user. The Second Circuit concluded that the senior user's mark was strong; the two marks were virtually identical; the goods were proximate; and although there had been little actual confusion, there was a *likelihood of confusion as a matter of law. Mushroom Makers, supra,* at 48. On the other hand, the Court found that there was no likelihood of bridging the gap between the party's products; there was no evidence that the quality of the junior user's goods was bad or likely to deteriorate; and the junior user had adopted its mark in good faith notwithstanding the fact that it had both actual and constructive notice of the senior user's registered trademark. Accordingly, the Court held that Mushroom Maker's interest in retaining the goodwill developed through its *concurrent* use of an identical trademark far outweighed any conceivable injury to Barry.

In allowing the *concurrent* use of the shared trademark "MUSHROOMS" even though there was a likelihood of confusion as a matter of law, the Second Circuit ignored the right of the trademark owner to protect his mark *and ignored the public's right to avoid confusion in the marketplace.* This "shared trademark" doctrine clearly conflicts with the Congressional intent of the Lanham Act, section 1057(b) of the Lanham Act which entitles the registrant to the *exclusive* right to use its trademark, the interpretation of the Lanham Act by all other Circuits and allows public confusion as to the source of goods in the marketplace.

THE PRESENT CASE

("HOLIDAY" for travel trailers is not confusingly similar to "HOLIDAY" for travel trailers)

In the case at bar, the District Court found that the quality of the products and the competitive proximity were comparable, and that the travel trailers were marketed through similar channels of trade. Judge Munson did distinguish Norcom's and HOLIDAY RAMBLER's travel trailer on the basis that they sold at "different price ranges." (App. 10a) However, the prices of the competing goods overlapped. (App. 4a, 5a) Nonetheless, the District Court held, and the Second Circuit affirmed that although both parties marked their goods with the mark "HOLIDAY", both sold travel trailers to the same classes of purchasers and through the same channels of trade, that there was an unappreciable risk of confusion.

ACTUAL CONFUSION

In reaching this conclusion, the District Court noted that HOLIDAY RAMBLER had only proven isolated circumstances of *actual* confusion. This evidence includes the testimony of Mr. Berg, HOLIDAY RAMBLER's Regional Sales Manager.[7] He was at the Dodger Stadium Recreational Vehicle Show in Los Angeles, California in November, when, as he testified, a consumer approached him who:

> "Claimed to have a problem with some portion of the trailer that he had purchased. He claimed to have contacted our company or our dealers and was not given satisfactory service on the product and wants to know where he could go to have the problem taken care of. . . .

[7] Judge Munson characterized the testimony of Mr. Berg as hearsay. (App. 9a). This characterization was clearly erroneous as his testimony was not offered to prove the truth of the matters asserted, but rather *to show the state of mind* of the declarant. *See* Fed. R. Evid. 801, 803.

Again we further discussed the problem and at that point I walked over to one of our trailers and asked him what type of trailer it was, what year it was? He could not tell me that it was like any of the products we had on display nor could he tell me whether it was a particular series.

Further in our discussion, then we determined that it was not our product at all, he had purchased the product someplace in northwestern United States and it was not manufactured by Holiday Rambler Corp. . . ."

QUESTION: Did he indicate by brand the particular type of trailer he had purchased?

ANSWER: He indicated by brand Holiday.

QUESTION: What did he say specifically?

ANSWER: He said that he had purchased a Holiday trailer and he had a problem with it that he couldn't get fixed . . . .

QUESTION: What did he say?

ANSWER: He approached me. He said, I have a Holiday travel trailer; I have a problem with it. I need some help to get it repaired . . . ."

The District Court never even mentioned the testimony of Mr. William D. Andrea, a 41 year old male in the recreational vehicle business for 14 years. He testified to the following reactions upon seeing the Norcom exhibit at the October 1980 Pennsylvania Recreational Vehicle and Camping Show in Harrisburg, Pennsylvania:

"The first, the first impression I got, I, as I said before, I told you, I looked at the sign, the name Holiday, and the first impression in my mind, it was a Holiday Rambler because of the name. I thought that Holiday Rambler was doing what most manufacturers are doing in keeping their high line and coming out with a mid-priced family type of camper. . . ."

AMOUNT OF CONFUSION

It would have been extraordinarily difficult for HOLIDAY RAMBLER to prove that an appreciable number of persons were *actually confused* in order to establish a "likelihood of confusion" as the District Court required.[8] Norcom was a newcomer to the United States markets and, in fact, had only sold one travel trailer in the United States. Thus, the two instances of *actual confusion* are rather probative of the "likelihood of confusion" in view of the limited sales by Norcom. *See, e.g., Roto-Rooter Corp. v. O'Neal,* 513 F.2d 44, 46 (5th Cir. 1975).

Furthermore, by requiring more extensive proof of actual confusion to arrive at a finding of "likelihood of confusion" the Court has circumvented the legislative intent of the Lanham Act. Here, the District Court would have HOLIDAY RAMBLER ignore the obvious infringement of its trademark registrations until a significant amount of purchasers and prospective purchasers were actually confused and the investment and the goodwill of HOLIDAY RAMBLER's trademarks were diluted. The timely filing of a lawsuit to protect both the public and the Plaintiff's rights should be encouraged, not penalized. *See McDonalds Corp. v. Mr. Donalds, Inc.,* 201 U.S.P.Q. 202, 204 (N.D. Ala. 1977); *See generally James Burrough, Ltd. v. Sign of the Beefeater, Inc.,* 540 F.2d 266, 276 (7th Cir. 1976).

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[8] It is almost incredible how little weight Judge Munson gave to HOLIDAY RAMBLER's evidence of actual confusion in view of the weight such evidence is given in other Circuits. *See, e.g., SquirtCo. v. Seven-Up Co.,* 628 F.2d 1086, 1091 (8th Cir. 1980), where the Court noted that evidence of actual confusion "is positive proof of likelihood of confusion." *Union Carbide Corp. v. Ever-Ready, Inc.,* 531 F.2d 366, 383 (7th Cir.), *cert. denied,* 429 U.S. 830 (1976), where the Court stated that evidence of actual confusion is "the best evidence of likelihood of confusion." *Roto-Rooter Corp. v. O'Neal,* 513 F.2d 44, 46 (5th Cir. 1975), where the Court held that evidence of actual confusion "is the best evidence of likelihood of confusion and . . . reason tells us that very little proof of actual confusion would be necessary to prove the likelihood of confusion."

QUALITY OF CONFUSION

Furthermore, in considering the *likelihood* of confusion, the District Court noted:

> "Moreover, the nature and the cost of the product as well as the presence of consumer care and selectivity, suggests that any likelihood of confusion would be dispelled during the pre-purchase examination period. *See Grotrian, Helfferich, Schulz, T. H. Steinweg Nachf. v. Steinway & Sons,* 523 F.2d at 1342 (1975)." (App. 11a)

However, a simple reading of the *Steinway* case[9] shows that that decision went much further:

> "The issue here is not the possibility that a purchaser would buy a Grotrian-Steinweg thinking it was actually a Steinway or that Grotrian had some connection with Steinway & Sons. The harm to Steinway, rather, is the likelihood that a consumer, hearing the 'Grotrian-Steinweg' name and thinking that it had some connection with 'Steinway', would consider it on that basis. 'Grotrian-Steinweg' name therefore *would attract potential customers based on the reputation built up by Steinway in this country for many years.* The harm to Steinway in short is the *likelihood that potential piano purchasers will think that there is some connection* between the Grotrian-Steinweg and Steinway pianos. (Citation omitted) Such initial confusion works an injury to Steinway" 523 F.2d at 1342 (emphasis added, footnote omitted).

Piano purchasers and potential purchasers are certainly as sophisticated, if not more so, than travel trailer purchasers or prospective purchasers. The newcomer, Norcom, is using a trademark which would *attract* potential customers based on

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[9] The *Steinway* case is in sharp contrast to the new restrictivism of the Second Circuit in trademark cases. For an excellent discussion of the Second Circuit's new restrictivism, *see,* Goldberg & Borchard, *Related Goods Trademark Cased in the Second Circuit,* 70 Trade-Mark Rep. 287 (1980).

the reputation built up by HOLIDAY RAMBLER in this country for many years. HOLIDAY RAMBLER's harm is that potential travel trailer purchasers will initially think that there is some connection between the HOLIDAY and HOLIDAY RAMBLER travel trailers. This initial confusion works a substantial injury to HOLIDAY RAMBLER.

Moreover, it is difficult to see how the District Court could determine that there is *little likelihood* of confusion when HOLIDAY RAMBLER has shown two instances of actual confusion, one by an expert in the field, the other by an actual purchaser of a travel trailer, especially when only one Norcom travel trailer had been sold in the United States as of the date of the filing of this lawsuit.

By allowing Norcom to have a "shared trademark" with HOLIDAY RAMBLER ("HOLIDAY"), the Second Circuit has allowed the public to be confused, and the goodwill and substantial investment by HOLIDAY RAMBLER in its marks to be diluted. This is a clear circumvention of the legislative intent of the Lanham Act and also in conflict with all other Circuit Courts of Appeals.

THE APPROACH OF OTHER CIRCUITS

Protecting The Public From Confusion Is The Essence Of The Lanham Act

The Second Circuit, in defining a likelihood of confusion, has allowed similar goods with "shared trademarks" to be placed into the marketplace which will undoubtedly confuse the public. Other Circuits,[10] however, in defining a likelihood of

[10] Again, in keeping with the brevity appropriate for a Petition for Certiorari, Petitioner will not discuss all other Circuits, but rather has chosen a representative sample. *See also, Control Components, Inc. v. Valtek, Inc.*, 609 F.2d 763 (5th Cir.), *cert. denied*, 101 S. Ct. 589 (1980); *New West Corp. v. NYM Co. of Cal., Inc.*, 595 F.2d 1194 (9th Cir. 1979); *Big O Tire Dealers v. Goodyear Tire & Rubber Co.*, 561 F.2d 1365 (10th Cir. 1977), *cert. denied*, 434 U.S. 1052 (1978); *Dart Drug Corp. v. Schering Corp.*, 320 F.2d 745 (D.C. Cir. 1963).

confusion have placed paramount importance on protecting the public from such confusion and have consistently not permitted the use of "shared trademarks".

For example, in *James Burrough, Ltd. v. Sign of the Beefeater, Inc.*, 540 F.2d 266 (7th Cir. 1976), the Seventh Circuit Court of Appeals reversed the granting of a directed verdict for the defendant. The District Court had held that the mark "SIGN OF THE BEEFEATER" displayed in connection with restaurants was not likely to cause confusion with the mark "BEEFEATER" in connection with the sale of gin. In reversing the District Court's ruling as to the likelihood of confusion, the Seventh Circuit stated:

> "In the consideration of evidence relating to trademark infringement, therefore, a Court must expand the more frequent, one-on-one contest between-two-sides, approach. A third party, *the consuming public, is present and its interests are paramount* . . . .
>
> A 'trademark' is not that which is infringed. What is infringed is the *right of the public to be free of confusion* and the synonymous right of a trademark owner to control his product's reputation." *James Burrough, supra*, at 274 (emphasis added).

Thus, in accordance with the purpose of the Lanham Act, the Seventh Circuit has placed paramount importance on protecting the public from confusion in defining what is a likelihood of confusion.

The Fourth Circuit Court of Appeals has also placed paramount importance upon protecting the purchasing public in determining the likelihood of confusion. In *AMP, Inc. v. Foy*, 540 F.2d 1181 (4th Cir. 1976), the holder of the trademark "AMP" for electrical component parts brought an action to enjoin a proprietorship, engaged in electrical contracting, from using the term "Amp" as part of its business name. The District Court denied the relief sought and the plaintiff appealed.

The Fourth Circuit held that the District Court, in determining only that the electrical contractor's use of the word "Amp" was not likely to confuse the plaintiff's customers, used too narrow a test for determining the likelihood of confusion. The Fourth Circuit held that the question was not only the danger of confusion to the plaintiff's customers, but the likelihood of danger that such use would confuse the public in general. The Court noted "that the purpose of trademark protection is to protect the public from confusion, not merely to protect plaintiff from confusion of its customers." ***AMP, Inc., supra,*** at 1186. Thus, the Fourth Circuit has placed paramount importance on protecting the public from confusion in accordance with the purpose and spirit of the Lanham Act.

The conclusion that Congress sought to protect the consumer when enacting the Lanham Act is bolstered by the 1975 Amendment to that Act. Section 35 of the Lanham Act, 15 U.S.C. § 1117, was amended to provide for an award of attorneys' fees to the prevailing party in trademark litigation in "exceptional cases." The reason for this Amendment, as noted in the Senate report, was that:

> "Mass demand, mass advertising and the increasingly large variety of goods available make the trademarks of crucial importance to manufacturers, distributors and the consuming public. These facts of modern business life also make trademark infringement and acts of unfair competition particularly appealing to unethical competitors. Effective enforcement of trademark rights is left to the trademark owners and they should, *in the interest of preventing purchaser confusion,* be encouraged to enforce trademark rights." *RCA Records v. Kory Records,* 197 U.S.P.Q. 908, 909 (E.D.N.Y. 1978), *quoting* S. Rep. No. 93-1400, 93rd. Cong., 2d Sess. (1974), *reprinted in* 74 U. S. Code Cong. & Ad. News 7132, 7136 (emphasis added).

Thus, Congress in amending the Lanham Act to include an award of attorneys' fees, has demonstrated its strong commitment to the policy that the consumer be protected from misleading or confusing trademarks.

The purpose of the Lanham Act is to protect the public from being confused as to the sponsorship or origin of goods or services. All Circuit Courts, except the Second Circuit, have been most diligent in guarding the public's right not to be confused. Unfortunately, as demonstrated earlier, the Second Circuit has allowed, and indeed encouraged, similar goods with "shared trademarks" to enter the marketplace.

REASONS FOR GRANTING CERTIORARI

The Supreme Court should grant certiorari in this case[11] to abolish the "shared trademark" doctrine which has evolved in the Second Circuit. This "shared trademark" doctrine is in conflict with all other Circuit Courts of Appeals, the Lanham Act and with the public interest.

Perhaps the Second Circuit believes, as apparently Judge Munson did, that trademarks are not important and thus, not worthy of judicial protection. The protection of trademarks, however, is important, as Justice Frankfurter noted:

> "The protection of trade-marks is the law's recognition of the psychological function of symbols. If it is true that we live by symbols, it is no less true that we purchase goods by them." *Mishawaka Rubber & Woolen Co. v. S.S. Kresge Co.*, 316 U.S. 203, 205 (1942).

---

[11] Another salient reason for granting the Petition for Certiorari is that since the passage of the Lanham Act in 1946, the Supreme Court has never reviewed substantive issues raised under the Lanham Act. That such a review is needed is undeniable in view of the Second Circuit's continued refusal to enforce that Act.

Since the public purchases goods by symbols, and Congress has enacted the Lanham Act to protect these symbols, it follows that trademark protection by the Second Circuit is very important to the public, Congress, and trademark owners. Therefore, the Supreme Court should grant certiorari in this case so this very important law will be enforced in the Second Circuit, which encompasses the world's largest commercial center.[12]

The Second Circuit has done its best to cloak its "shared trademark" doctrine in terms of conventional trademark principles. However, it has not appropriately applied the legal principles enunciated to protect the public from confusion in the marketplace, to preserve the Congressional intent of the Lanham Act, and to protect the investment that trademark owners make in their marks and the goodwill these marks represent.

---

[12] Indeed, certiorari would almost certainly be granted if a District Court stated that the Civil Rights Act or the Sherman Act were "unimportant." In deciding that the Lanham Act is unimportant, the Second Circuit has, in effect, judicially legislated that the Lanham Act is repealed in its jurisdiction.

CONCLUSION

Petitioner earnestly prays this Court to grant the Petition for Certiorari so that the conflict which the Second Circuit has created between the Circuits in unilaterally adopting a "shared trademark" doctrine may be resolved.

Respectfully submitted,

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APPENDIX

United States Court of Appeals
Filed May 13, 1981

UNITED STATES COURT OF APPEALS

For the Second Circuit

At a stated Term of the United States Court of Appeals for the Second Circuit, held at the United States Courthouse in the City of New York, on the 13th day of May one thousand nine hundred and eighty-one.

Present:

HON. J. EDWARD LUMBARD,
HON. JAMES L. OAKES,
Circuit Judges
HON. MILTON POLLACK,*
District Judge

HOLIDAY RAMBLER CORPORATION,
Plaintiff-Appellant,

v.

NORCOM DIVISION: N. M. PATERSON & SONS LIMITED and GLENN'S TRAILER MART, INC.,
Defendants-Appellees.

81-7168

N.B.: Since this statement does not constitute a formal opinion of this court and is not uniformly available to all parties, it shall not be reported, cited or otherwise used in unrelated cases before this or any other court.

Appeal from the United States District Court
for the Northern District of New York

This cause came on to be heard on the transcript of record from the United States District Court for the Northern District of New York, and was argued by counsel.

---

* United States District Judge for the Southern District of New York, sitting by designation.

ON CONSIDERATION WHEREOF, it is now hereby ordered, adjudged, and decreed that the order and judgment of said District Court be and it hereby is AFFIRMED.

Plaintiff-appellant filed suit for statutory trademark infringement, false designation of origin, pendent state claims for anti-dilution and common law unfair competition against NORCOM and Glenn's, in December, 1980. Chief, United States District Court Judge Howard G. Munson denied plaintiff's motion for a Temporary Restraining Order and the case was tried thereafter on the merits. Judge Munson made a Memorandum Decision and Order dated February 28, 1981 dismissing the complaint on findings that plaintiff has not established a significant likelihood of confusion of sources, palming-off, dilution or unfair competition.

After careful review of the record, briefs and oral argument, we affirm the dismissal of this suit substantially for the reasons stated by Judge Munson.

/s/ J. Edward Lumbard
J. Edward Lumbard
Circuit Judge

/s/ James L. Oakes
James L. Oakes
Circuit Judge

/s/ Milton Pollack
Milton Pollack
District Judge

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF NEW YORK

HOLIDAY RAMBLER CORPORATION,
Plaintiff,

vs.

NORCOM DIVISION: N.M. PATERSON & SONS LIMITED; AND GLENN'S TRAILER MART, INC.,
Defendants.

80-CV-971

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HOWARD G. MUNSON, Chief U.S. District Judge

MEMORANDUM DECISION

The plaintiff Holiday Rambler Corporation (Holiday Rambler), organized under the laws of Indiana, has instituted this unfair competition action against the defendant Norcom Division: N.M. Paterson & Sons Limited (Norcom), a Canadian corporation, and the defendant Glenn's Trailer Mart, Inc. (Glenn's), a New York corporation. Counts I and II of the complaint arise under federal law, alleging trademark infringement, 15 U.S.C. § 1114(a), and false designation of origin, 15 U.S.C. § 1125(a). Counts III and IV assert state law violations, namely, antidilution, *see* N.Y. Gen. Bus. Law § 368-d, and common law unfair competition. For these allegedly wrongful acts, the plaintiff seeks, *inter alia*, preliminary and permanent relief, monetary relief, and attorneys fees. The defendants refute the plaintiff's allegations, and assert that the plaintiff is estopped from asserting a claim of infringement.

Having consolidated the hearing for preliminary and injunctive relief, *see* Fed. R. Civ. P. 65(a)(2), the Court now concludes that the plaintiff's complaint must be dismissed, and that its request for attorneys fees must be denied.

I.

Holiday Rambler is the manufacturer of various travel trailers and other recreational vehicles. Since 1954, Holiday Rambler has distributed various lines of travel trailers under a number of two-word registered and unregistered marks that include the word "Holiday": "Holiday House," "Holiday Trav'-ler," "Royal Holiday," "Holiday Rambler," "Holiday Ramblette," and "Holiday Cub." Infrequently, the plaintiff has merely used the unregistered word "Holiday." Specifically, two of its advertisements have read "Experience Holiday" and "A Holiday For All Seasons." Selling its products in a retail range of $6,900 to $45,000, Holiday Rambler has enjoyed a total sales in this country of approximately $500 million. Its marketing patterns are restricted to dealership arrangements, with 150

dealers in the United States, and one dealer in Canada. In this regard, the plaintiff has expended approximately $8 million in the advertisement and promotion of its marked products, using the media of trade shows, public exhibitions, trade and consumer outdoor recreational magazines, press releases, catalogues, and brochures. Its dealers, too, promote the marked goods. No promotions are done through the electronic media. Holiday Rambler also publicizes itself by distributing items such as hats, jewelry and key chains, and by endorsing a "Holiday Rambler Recreational Vehicle Club" for persons who own Holiday Rambler products. In addition to the advertisement and promotion of its marked products, Holiday Rambler has also sought to prevent other recreational vehicle dealers from utilizing the word "Holiday."

The defendant Norcom has distributed travel trailers and other recreational vehicles in Canada since 1961 only under the name "Holiday," receiving Canadian trademark registration for this use in 1965. Like Holiday Rambler, Norcom markets through a series of dealership networks. Furthermore, Norcom utilizes similar advertising and promotional media, expending approximately $250,000 in this regard. No magazine advertising, however, is specifically directed at the United States. Selling its units at a retail price range from $5,000 to $10 or $12,000, Norcom has enjoyed total sales in excess of $10 million per year. In 1978, the defendant decided to market its products in the United States, and in early 1980 began actively to promote its "Holiday" units through trade shows, dealer mailings, and brochures. At the present time, Norcom has only one dealer in this country, the defendant Glenn's. Although Norcom has consigned three units to Glenn's, this dealer has sold only one "Holiday" trailer to date. In this regard, it appears to be Norcom's present intent to continue to market its products in the United States under the "Holiday" name.

It is the defendants' use of the "Holiday" mark in the United States that the plaintiff contests. With respect to the defendant Norcom's Canadian use of this word, it is of interest to note that in 1977, the plaintiff's legal position regarding its own dealership in Canada was that "Holiday Rambler makes no use of 'Holiday' except in its distinctive and well-known combination marks" and that " 'Holiday' by itself is not distinctive of recreational vehicles.' "

II.

The issue underlying all four Counts of the complaint boils down to " 'whether there is any likelihood that an appreciable number of ordinarily prudent purchasers are likely to be misled, or indeed simply confused, as to the source of the goods in question.' " *McGregor-Doniger, Inc. v. Drizzle, Inc.*, 599 F.2d 1126, 1130 (2d Cir. 1979) (quoting *Mushroom Maker Inc. v. R.G. Barry Corp.*, 580 F.2d 44, 47 (2d Cir. 1978), *cert. denied*, 439 U.S. 1116 (1979)). *See Fisher Stoves, Inc. v. All Nighter Stove Works*, 626 F.2d 193-94 (1st Cir. 1980); *Alpha Industries, Inc. v. Alpha Steel Tube & Shapes*, 616 F.2d 440, 443 (9th Cir. 1980); *American Footwear Corp v. General Footwear Company, Ltd.*, 609 F.2d 655, 664 (2d Cir. 1979), *cert. denied*, 445 U.S. 951 (1980); *Scott Paper Company v. Scott's Liquid Gold, Inc.*, 589 F.2d 1225, 1229 (3d Cir. 1978). *See also Grotrian, Helfflerich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons*, 523 F.2d 1331, 1342 n.21 (2d Cir. 1975) (same consideration underlie both infringement and unfair competition claims). *Cf: Amstar Corp. v. Domino's Pizza, Inc.*, 615 F.2d 252, 265 (5th Cir. 1980). (U.S. appeal pending). Of course, "every product has its own separate threshold for confusion of origin." *Taylor Wine Co., Inc., v. Bully Hill Vineyards, Inc.*, 569 F.2d 731, 733 (2d Cir. 1978). In this regard, the fact that "Holiday" is not a registered trademark of the plaintiff is irrelevant: "a trademark infringer need not expropriate the entire mark of another to be guilty of an enjoinable offense if

the imitation is of the salient feature of the mark in question." *Carter-Wallace, Inc., v. Proctor & Gamble Co.*, 434 F.2d 794, 801 (9th Cir. 1970). *See generally Saratoga Vichy Spring Co., Inc., v. Lehman*, 625 F.2d 1037 (2d Cir. 1980).

Both parties appear acquainted with some of the factors courts have employed to assess the likelihood of confusion where, as here, the products are similar: (1) the strength of the plaintiff's mark; (2) the similarities between the marks and products; (3) the relative qualities of the products; (4) the competitive proximity, or area and manner of current use; (5) the degree of care likely to be exercised by consumers; (6) actual confusion; and (7) the defendant's intent and good faith in adopting its mark. *See, e.g., RJR Foods, Inc., v. White Rock Corp.*, 603 F.2d 1058, 1061 (2d Cir. 1979); *Grotrian, Halfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons*, 523 F.2d at 1336; *Miss Universe, Inc. v. Patricelli*, 408 F.2d 406 (2d Cir. 1969). *See also McGregor-Doniger, Inc., v. Drizzle, Inc.*, 599 F.2d at 1130 (different products). *Cf: Alpha Industries, Inc., v. Alpha Steel Tubes and Shapes*, 616 F.2d at 443-46; *Amstar Corp. v. Domino's Pizza, Inc.*, 615 F.2d at 259-65. This list however, is not exhaustive. *See McGregor-Doniger, Inc. v. Drizzle, Inc.*, 599 F.2d at 1130; *AMF Incorporated v. Sleekcraft Boats*, 599 F.2d 341, 348 (9th Cir. 1979); *Triumph Hosiery Mills, Inc. v. Triumph International Corp.*, 308 F.2d 196, 198 (2d Cir. 1962).

With respect to the strength of the mark, the plaintiff has established no protectible interest in the word "Holiday." Being a descriptive term, insofar as it connotes to the average customer the vacational characteristic of the plaintiff's recreational vehicles, *see Abercrombie & Fitch Company v. Hunting World, Inc.*, 537 F.2d 4, 11 (2d Cir. 1976); *see also, In re Abcor Development Corp.* 588 F.2d 811, 814 (CCPA 1978), "Holiday" may receive protection only if it has acquired a significant second meaning. *See Perfect Fit Industries, Inc., v. Acme Quilting Co., Inc.*, 618 F.2d 950, 952-53 (2d Cir. 1980)

Flexitized, Inc. v. National Flexitized Corp., 335 F.2d 774, 779 (2d Cir. 1964), *cert. denied*, 380 U.S. 913 (1965). *Cf: Keebler Company v. Rovira Bisquit Corp.*, 624 F.2d 366, 374 n. 8 (1st Cir. 1980).

> The doctrine of secondary meaning requires not only that the mark have a subordinate meaning, but also that the *primary* significance of the mark in the minds of the consumers is the identification of the producer, not a designation of the product .... The crucial question .... always is whether the public is moved in any degree to buy an article because of its source.

American Footwear Corp. v. General Footwear Co., Ltd., 609 F.2d at 663. *See Soweco, Inc., v. Shell Oil Co.*, 617 F.2d 1178, 1183 & n. 16 (5th Cir. 1980); *RJR Foods, Inc., v. White Rock Corp.*, 603 F.2d at 1059; *Telemed Corp. v. Tel-med Inc.*, 588 F.2d 213, 219 (7th Cir. 1978); *Union Carbide Corp. v. Ever-Ready Incorporated*, 531 F.2d 366, 378-380 (7th Cir.) *cert. denied*, 429 U.S. 830 (1976). Among the factors a court may consider in determining secondary meaning are length and exclusivity of use, sales levels, and extent of advertising and promotions. *See, e.g., American Footwear Corp. v. General Footwear Co., Ltd.*, 609 F.2d at 663; *Union Carbide Corp. v. Ever-Ready Incorporated*, 531 F.2d at 380. In this regard, although the plaintiff has expended appreciable amounts of money on the advertising and promotion of its products over a long period of time, the word "Holiday" is a common name in general use that "naturally entail(s) a risk of some uncertainty and the law will not assure absolute protection." *Scott Paper Co., v. Scott's Liquid Gold, Inc.*, 589 F.2d at 1231. *See Telemed v. Tel-Med, Inc.*, 588 F.2d at 219; *AMP Incorporated v. Foy*, 540 F.2d 1181, 1186 (4th Cir. 1976). Indeed, one court has specifically held that " 'Holiday' is of weak trademark significance." *Holiday Inns, Inc., v. Holiday Out in America*, 481 F.2d

445 448 (5th Cir. 1973). Given the commonality of the word, an inference may thus arise that the likelihood of customer identification of "Holiday" with Holiday Rambler is slim. *See also Amstar Corp., v. Domino's Pizza, Inc.*, 615 F.2d at 259-60.

The plaintiff has not countered this inference with any credible evidence. Certain evidence submitted consisted of purely hearsay testimony by the Holiday Rambler's legal advisor concerning vague, isolated conversations with unidentified customers who purportedly referred to the plaintiff's products as "Holiday." The hearsay testimony of the plaintiff's regional sales manager was that a customer approached him at a trade show and complained about the failure of a local dealer to service his "Holiday" product. This testimony fails to establish that the customers identified any particular mark with the manufacturing source, for the possibility remains that the customer used the word "Holiday" because he mistakenly believed that his *product* was one of the plaintiff's displayed products. Finally, the plaintiff's employees further testified that its dealers, servicemen, competitors, and the trade press refer to Holiday Rambler as Holiday. On this score, as evidenced by the trade press, it would appear that these references merely amount to short-hand ways in specific contexts of referring to the plaintiff corporation, and are not indicative of any general significance attached to the word "Holiday."

Even if the plaintiff has established that "Holiday" has acquired secondary meaning, it has not satisfied the other relevant standards. With respect to the similarities of the marks, the two-word marks of Holiday Rambler usually display "Holiday" in staggered letters and in red, white, and blue, or red, white, and black colors. Norcom's mark appears in straight letters and in black and gold. Considering the general overall impression that these marks individually would have upon prospective purchasers, it seems clear than an examination of the defendant's mark would not lead one to conclude that it belonged to the plaintiff corporation. *See, e.g., American*

Home Products Corp. v. *Johnson Chemical Co., Inc.*, 589 F.2d 103, 107 (2d Cir. 1978). *McGregor-Doniger, Inc.* v. *Drizzle, Inc.*, 599 F.2d at 1133. *See also Alpha Industries, Inc.* v. *Alpha Steel Tube & Shapes*, 616 F.2d at 444; *Amstar Corp.* v. *Domino's Pizza, Inc.*, 615 F.2d at 260-61. The products both bear in various, conspicuous places the respective manufacturer's identification labels and other tags that identify the sources. On this score, the Second Circuit has noted that "there is hardly likelihood of confusion or palming-off when the name of the manufacturer is clearly displayed." *Base Camp* v. *Linear Design Labs, Inc.*, 467 F.2d 304, 310 (2d Cir. 1972). Additionally the plaintiff's products are white and "V"-shaped in the front, while the defendants Norcom's trailers are cream and lack any "V"-shaped front. Thus, the products do not create the same overall impression. *See RJR Foods, Inc.*, v. *White Rock Corp.*, 603 F.2d at 1060. In regard to the quality of the products, and the competitive proximity, both products are of comparable quality, and are marketed through similar channels. There is no indication that the plaintiff's goodwill or reputation has been tarnished, or that customers would be confused by the market patterns, in view of the different price ranges. Turning to the customer's degree of care, the testimony of both sides is that customers generally shop around before making the substantial investment in a travel trailer. Given the single-purchase nature of the products, it seems reasonable to conclude that prospective buyers exercise care, and are unlikely to make a purchase solely upon the basis of a mark. In short, it appears that trademarks by themselves are generally unimportant in this area. *See Fisher Stoves, Inc.*, v. *All Nighter Stove Works*, 626 F.2d at 194; *McGregor-Doniger, Inc.* v. *Drizzle, Inc.*, 599 F.2d at 1137; *AMF Incorporated* v. *Sleekcraft Boats*, 599 F.2d at 353; *Union Carbide Corp.* v. *Ever-Ready Incorporated*, 531 F.2d at 383. *Compare Hydra Mac, Inc.* v. *Mack Trucks*, 507 F.2d 1399, 1400 (CCPA 1975). With respect to customer confusion, the evidence of isolated circumstances, as

discussed in regard to secondary meaning, suffers for want of credibility, and at best indicates that an unappreciable number of persons have been confused. *See McGregor-Doniger, Inc.*, v. *Drizzle, Inc.*, 599 F.2d at 1137-38. Moreover, the nature and cost of the product as well as the presence of consumer care and selectivity, suggest that any likelihood of confusion would be dispelled during the prepurchase examination period. *See Grotrian, Helfferich, Schulz, Th. Steinweg Nachf.* v. *Steinway & Sons*, 523 F.2d at 1342. Finally, there is no evidence of malicious intent on the part of the defendants, and the lengthy Canadian usage of their mark indeed suggests that their American use is in good faith.

In short, the plaintiff has not established a significant likelihood of confusion of sources, palming-off, dilution, or unfair competition. Accordingly, its complaint is dismissed and its request for attorneys fees denied.

/s/ HOWARD G. MUNSON
Howard G. Munson
Chief U.S. District Judge

Dated: February 28, 1981
Syracuse, New York

OFFICE OF THE CLERK

SUPREME COURT OF THE UNITED STATES

Washington, D.C. 20543

August 4, 1981

Richard E. Alexander, Esq.
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Chicago, Illinois 60603

RE: *Holiday Rambler Corporation* v. *Norcom Division:* N.M. Paterson & Sons Limited and Glen's Trailer Mart, Inc.
A-90

Dear Mr. Alexander:

Your application for an extension of time within which to file a petition for a writ of certiorari in the above-entitled case has been presented to Justice Marshall who, on August 4, 1981, signed an order extending your time to and including September 20, 1981.

A copy of the Justice's order is enclosed.

Very truly yours,

Alexander L. Stevas,

Clerk

By /s/ Katherine Downs
Katherine Downs
Assistant Clerk

rwk
encl.
cc(letter only): Roland Cavalier, Esq.
A. Daniel Fusaro, Esq., Clerk,
US Court of Appeals for the Second Circuit
(Your No. 81-7168)

No. A-90

Supreme Court of the United States

HOLIDAY RAMBLER CORPORATION,
Petitioner

v.

NORCOM DIVISION: N.M. PATERSON & SONS LIMITED AND GLENN'S TRAILER MART, INC.

ORDER EXTENDING TIME TO FILE PETITION FOR WRIT OF CERTIORARI

UPON CONSIDERATION of the application of counsel for petitioner,

IT IS ORDERED that the time for filing a petition for writ of certiorari in the above-entitled cause be, and the same is hereby, extended to and including September 20, 1981

/s/ THURGOOD MARSHALL
Associate Justice of the Supreme Court of the United States

Dated this 4th
day of August, 1981

Section 1114(1) provides:

1. Any person who shall, without the consent of the registrant

(a). use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

(b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive.

shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b) of this section, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive.

Section 1125(a) provides:

(a). Any person who shall affix, apply, or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce, and any person who shall with knowledge of the falsity of such designation of origin or description or representation cause or procure the same to be transported or used in commerce or deliver the same to any carrier to be transported or used, shall be liable to a civil action by

any person doing business in the locality falsely indicated as that of origin or in the region in which said locality is situated, or by any person who believes that he is or is likely to be damaged by the use of any such false description or representation.

Opposition

Office - Supreme Court, U.S.
FILED
OCT 19 1981
ALEXANDER L. STEVAS,
CLERK

No. 81-563

IN THE

Supreme Court of the United States

October Term, 1981

HOLIDAY RAMBLER CORPORATION,
Petitioner,

v.

NORCOM DIVISION: N.M. PATERSON & SONS LIMITED and GLENN'S TRAILER MART, INC.,
Respondents.

Brief in Opposition to Petition for Writ of Certiorari to the United States Court of Appeals for the Second Circuit

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On the Brief

Question Presented.

Does the decision of the United States Court of Appeals for the Second Circuit present a square and irreconcilable conflict with the provisions of the Lanham Act, 15 U.S.C. §§1051-1127, and the decisions of the other Circuit Courts of Appeals?

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MISCELLANEOUS:

15 USC §§1051-1127 i

15 USC §1065 7

Supreme Court Rule 17 ..... 4, 8

IN THE

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1981.

HOLIDAY RAMBLER CORPORATION,

Petitioner,

v.

NORCOM DIVISION: N.M. PATERSON & SONS LIMITED and GLENN'S TRAILER MART, Inc.,

Respondents.

Brief in Opposition to Petition for Writ of Certiorari to the United States Court of Appeals for the Second Circuit.

Statement of the Case.

A. The Case.

The petitioner has no trademark on the common word "Holiday" and yet, by the relief demanded in this action, seeks a complete monopoly on the word in the travel trailer market. The action is one for trademark infringement, statutory and common law unfair competition and a statutory antidilution claim brought by the petitioner Holiday Rambler Corporation ("Holiday Rambler") against the respondents Norcom Division: N.M. Paterson

& Sons Limited ("Norcom")[1] and Glenn's Trailer Mart, Inc. ("Glenn's").[2]

Having failed to offer any credible evidence in support of an application for a temporary restraining order (motion denied by Chief U.S. District Judge Howard G. Munson of the Northern District of New York, December 2, 1980) or during a trial on the merits (complaint dismissed per the unreported Memorandum Decision of Judge Munson, dated February 28, 1981 [App. 3][3]), the petitioner now seeks a writ of certiorari to review the unreported decision and informal statement of the United States Court of Appeals for the Second Circuit (dated and entered May 13, 1981 [App. 1]) which unanimously affirmed the court below for substantially the reasons stated in Judge Munson's Memorandum Decision.

B. The Parties.

The respondent Norcom is a long-standing Canadian manufacturer of travel trailers and mobile homes and has used the registered Canadian trademark "Holiday" on its travel trailer line, and only its travel trailer line, since 1961. Since February of 1980, Norcom has attended two trade shows and distributed several brochures in this country. Glenn's Trailer Mart, Inc., a small upstate New York operation, has purchased the only three Holiday travel trailers sold in this country.

It is notable that Norcom's use of the "Holiday" mark in this country comes only after Holiday Rambler invaded

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[1]Norcom is a division of N.M. Paterson & Sons, Limited, a privately owned Canadian corporation. Seagreen Airlines, Inc. is an affiliate corporation. There are no parent, subsidiary or other affiliate corporations.

[2]Glenn's Trailer Mart, Inc. has no parent companies, subsidiaries or affiliate corporations.

[3]Citations are to pages in the attached Appendix.

the Canadian travel trailer market in 1977. At that time, counsel for Holiday Rambler summarily rejected any possibility of trademark confusion and adopted the legal position that ". . . 'Holiday' by itself is not distinctive of recreational vehicles" and "Holiday Rambler makes no use of 'Holiday' except in its distinctive and well known combination of marks" (App. 6).

The petitioner Holiday Rambler is the owner of a number of two-word registered and unregistered marks that include the word "Holiday." The income and advertising budget of the petitioner have never been disputed.

C. The Memorandum Decision.

Following a trial on the merits, Chief U.S. District Judge Howard G. Munson dismissed the complaint. The following findings were made in his Memorandum Decision:

1. ". . . plaintiff has established no protecible interest in the word 'Holiday.' Being a descriptive term . . . 'Holiday' may receive protection only if it has acquired significant second meaning" (App. 7).

2. "The plaintiff has not countered [the inference of slim likelihood of consumer confusion arising from use of a weak trademark having no secondary meaning] with any credible evidence. Certain evidence submitted consisted of purely hearsay testimony . . ." (App. 9).

3. "Even if plaintiff has established that 'Holiday' has acquired secondary meaning, it has not satisfied the other relevant standards" (App. 9).

4. "Considering the overall impression these marks individually would have on prospective purchasers, it seems clear that an examination of defendant's mark would not lead one to conclude that it belonged to the plaintiff corporation" (App. 9); and, ". . . the products do not create the same overall impression" (App. 10).

5. ". . . both products are of comparable quality, and are marketed through similar channels" (App. 11).

6. "Turning to the customer's degree of care, the testimony of both sides is that customers generally shop around before making the substantial investment in a travel trailer" (App. 10).

7. "With respect to consumer confusion, the evidence of isolated circumstances . . . suffers for want of credibility, and at best indicates that an unappreciable number of purchasers have been confused" (App. 10, 11).

8. "Finally, there is no evidence of malicious intent on the part of the defendants . . ." (App. 11).

The dismissal of the complaint was based upon the lack of any significant likelihood of confusion and the Second Circuit unanimously affirmed ". . . substantially for the reasons stated by Judge Munson" (App. 2).

V. Reasons for Denial of the Petition.

Petitioner has fashioned a grandiose argument in an attempt to bring this very simple case within the bounds suggested by Supreme Court Rule 17. Despite the partisan display of "facts" and "proof" set forth in the petition, it

is quite clear from the record that this case presents absolutely no issue of substantial public significance and is not appropriate for Supreme Court review.

A. The Second Circuit consistently grants Lanham Act relief when a likelihood of confusion is proved.

The assertion that the Second Circuit has refused to "enforce the Lanham Act" is made without factual support in the petition and is wholly incorrect.[4]

Significantly, the cases chosen to support this proposition all reflect the failure to produce sufficient evidence to justify granting the relief sought. In *Vitarroz Corp. v. Borden, Inc.*, 644 F. 2d 960 at 968 (CA2 1981), the Court said, "Though a suggestive mark can have strength within the meaning of the *Polaroid* formula without proof of secondary meaning (citations deleted), the District Court was entitled to consider the absence of such evidence as a factor weighing against a finding of likelihood of confusion."

In *American Footwear Corp. v. General Footwear Co.*, 609 F. 2d 655 at 665 (CA2 1979), cert. den. 445 U.S. 951, the Court noted, ". . . finally, American presented no evidence on the crucial issue, essential to sustain a finding

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[4]Indeed, the numerous unsuccessful defendants now operating under recently issued Lanham Act injunctions in the Second Circuit would be quite surprised by Petitioner's statement. See, for example, *Ives Laboratories, Inc. v. Darby Drug Co.*, 638 F. 2d 538 (CA2 1981); *Harlequin Enterprises, Ltd. v. Gulf & Western Corp.*, 644 F. 2d 946 (CA2 1981); *In the Matter of Vuitton Et Vils, S.A.*, 606 F. 2d 1 (CA2 1980); *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F. 2d 200 (CA2 1979); *WGBH Educational Foundation, Inc. v. Penthouse International, Ltd.*, 453 F.Supp. 1347 (S.D.N.Y. 1979), aff'd 598 F. 2d 610; *Or Da Industries Ltd. v. Leisure Learning Products, Inc.*, 479 F. Supp. 710 (S.D.N.Y. 1979); *Gioia Macaroni Co., Inc. v. Joseph Victori Wines*, 205 USPQ. 986 (E.D.N.Y. 1979).

of trademark infringement, of whether there was likely to be consumer confusion by use of the mark by Universal and General."

In the third case cited by petitioner to support its theory, *Mushroom Makers, Inc. v. R.G. Barry Corp.*, 441 F. Supp. 1220 at 1232, aff'd 580 F. 2d 44 (CA2 1978), cert. den. 439 U.S. 1116, the trial court stated, "[u]pon all the evidence, the likelihood of confusion is far from compelling. In the final analysis, in the absence of any instance of confusion and taking into account the difficulty of obtaining such proof, whether likelihood of confusion exists is a matter of judgment. * * * Upon the present state of the record, likelihood of confusion is minimal."

No different situation is presented in the case at bar. Despite petitioner's repeated representations that isolated incidents of actual confusion were proven at trial, Judge Munson made findings to the contrary based on the lack of credibility of the witnesses presented,

> Certain evidence submitted consisted of purely hearsay testimony by Holiday Rambler's legal advisor concerning vague, isolated conversations with unidentified customers who purportedly referred to the plaintiff's product as "Holiday"[1] (App. 9).

and concluding,

> In short, the plaintiff has not established a significant likelihood of confusion of sources, palming off, dilution, or unfair competition (App. 11).

[1]Steeped in unreliability as this alleged conversation is, its impact pales considerably in light of its assessed value by Holiday Rambler's own counsel during trial,

> It's entitled to slim weight, I will admit. We can't identify the person, we can't track him down.

The Second Circuit quite properly chose not to disturb these findings involving credibility factors. Petitioner now requests, in effect, that this Court review the evidence and facts of this case and reach an independent judgment as to whether the trial court gave proper weight to certain evidence offered. As it has been explained so often in the past, this is not the function of the Supreme Court. "We do not grant certiorari to review evidence and discuss specific facts." *U.S. v. Johnson,* 268 U.S. 220, 227 (1924).

Moreover, the petition fails to address the fact that it seeks protection of a judicially recognized *weak* trademark[6] without the benefit of significant secondary meaning. It is well established that the failure to prove secondary meaning of a weak trademark weighs against the finding of likelihood of confusion. *Westward Coach Manufacturing Co. v. Ford Motor Co.,* 388 F. 2d 627, 632 (CA7 1968), cert. den. 392 U.S. 927; *Triumph Hosiery Mills, Inc. v. Triumph International Corp.,* 308 F. 2d 196 (CA2 1962).

In short, petitioner's claims were defeated by its own failure to prove a secondary meaning and a likelihood of confusion and not by a refusal of the Second Circuit to enforce the Lanham Act.

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[6]The Fifth Circuit has specifically held that " 'Holiday' is of weak trademark significance." *Holiday Inns, Inc. v. Holiday Out in America,* 481 F. 2d 445, 448 (CA5 1973) (App. 8, 9).

Holiday Rambler's contention that the strength of a mark does not have to be established apart from proof of registration is misplaced. The registration of a mark pertains only to the registrant's right to use the mark (15 U.S.C. §1065; *Flexrite, Inc. v. National Flexrite Corp.,* 335 F. 2d 774 [CA2 1964], cert. den. 380 U.S. 913, citing *Kellogg Co. v. National Biscuit,* 305 U.S. 111 [1938]) and has no probative value in an action for infringement.

B. There is no conflict between the Second Circuit and any other Circuit.

The Second Circuit is not unmindful of the importance of protecting the consuming public from confusion in the marketplace (see *Scarves by Vera, Inc. v. Todo Imports Ltd.*, 544 F. 2d 1167 (CA2 1976; *Manhattan Industries, Inc. v. Sweater Bee by Banff*, 627 F. 2d 628 [CA2 1980]). Like the other Circuits, the Second Circuit has not been hesitant to enjoin the use of a trademark which produces a likelihood of confusion (see p. 1, footnote 1, *supra*). This, however, is not such a case.

While asserting that a conflict between Circuits exists for purposes of Supreme Court Rule 17, the petitioner deftly avoids pinning down the issue for review by the Court. The reason, of course, is that no real conflict exists. Clearly, this is not the square and irreconcilable conflict necessary to tempt the discretion of the Court (see, for example, *Mulvey v. Samuel Goldwyn Productions*, 433 F. 2d 1073 [CA9 1970], cert. den. 402 U.S. 923, and *Fields Productions, Inc. v. United Artists Corp.*, 432 F. 2d 1010 [CA2 1970], cert. den. 401 U.S. 949, where the Ninth Circuit *expressly disagreed* with the Second Circuit's holding in an anti-trust case and the Supreme Court declined to hear either case).

Moreover, it is difficult to find anything resembling a conflict in the tests employed in the different Circuits to evaluate the likelihood of confusion. An examination of the cases merely reveals differing enunciations of similar

legal standards, but no conflicts.[7] In fact, the petition expressly admits that the Second Circuit employs "conventional trademark principles" but "has not appropriately applied the legal principles . . . ."

It is submitted that the petitioner, in this language, has focused on the crux of its argument before this Court. Its claims have not been defeated by reason of an inappropriate legal standard applied by Judge Munson and the Second Circuit, or as a result of a refusal to apply the Lanham Act or through the inconsistencies of a conflict. The petitioner merely argues with the evidentiary findings of the trial court and now seeks a third consideration of the same factual questions by this tribunal.

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[7]The Second Circuit has consistently employed the well-known "Polaroid test" in determining the likelihood of confusion, *Polaroid Corp. v. Polaroid Electronics Corp.*, 287 F. 2d 492, 495 (CA2 1961). The factors often include, 1. the strength of the mark, 2. degree of similarity between the marks and between the products, 3. the manner of use, 4. actual confusion, 5. degree of purchaser care, 6. competitive proximity, 7. relative quality of the products, 8. junior user's good faith.

The other Circuits have either cited and applied *Polaroid*, or substantially similar tests. See, for example, *Scott Paper Co. v. Scott's Liquid Gold, Inc.*, 589 F. 2d 1225, 1229 (CA3 1978); *Communications Satellite Corp. v. Comcet, Inc.*, 429 F. 2d 1245, 1252 (CA4 1970), cert. den. 400 U.S. 942 (1970); *Amstar Corp. v. Dominoes Pizza, Inc.*, 615 F. 2d 252, 258-265 (CA5 1980), cert. den. 449 U.S. 899; *Union Carbide Corp. v. Ever-Ready, Inc.*, 531 F. 2d 366, 381-382 (CA7 1976), cert. den. 429 U.S. 830; *HMH Publishing Co., Inc. v. Brincat*, 504 F. 2d 713, 717 (CA9 1974); *Drexel Enterprises, Inc. v. Richardson*, 312 F. 2d 525, 528 (CA10 1962).

VI. Conclusion.

The petition has not shown, nor does there exist, a refusal by the Second Circuit to enforce the Lanham Act or a conflict between its decisions and the decisions of any other Circuit. This case was decided on its facts and presents no important issues.

The petition for writ of certiorari should be denied.

Respectfully submitted,

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APPENDIX

United States Court of Appeals
Filed May 13, 1981

UNITED STATES COURT OF APPEALS

For the Second Circuit

At a stated Term of the United States Court of Appeals for the Second Circuit, held at the United States Courthouse in the City of New York, on the 13th day of May one thousand nine hundred and eighty-one.

Present:

HON. J. EDWARD LUMBARD,
HON. JAMES L. OAKES,
Circuit Judges
HON. MILTON POLLACK,*
District Judge

HOLIDAY RAMBLER CORPORATION,
Plaintiff-Appellant,

v.

NORCOM DIVISION: N. M. PATERSON & SONS LIMITED and GLENN'S TRAILER MART, INC.,
Defendants-Appellees.

81-7168

N.B.: Since this statement does not constitute a formal opinion of this court and is not uniformly available to all parties, it shall not be reported, cited or otherwise used in unrelated cases before this or any other court.

Appeal from the United States District Court
for the Northern District of New York

This cause came on to be heard on the transcript of record from the United States District Court for the Northern District of New York, and was argued by counsel.

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* United States District Judge for the Southern District of New York, sitting by designation.

ON CONSIDERATION WHEREOF, it is now hereby ordered, adjudged, and decreed that the order and judgment of said District Court be and it hereby is AFFIRMED.

Plaintiff-appellant filed suit for statutory trademark infringement, false designation of origin, pendent state claims for anti-dilution and common law unfair competition against NORCOM and Glenn's, in December, 1980. Chief, United States District Court Judge Howard G. Munson denied plaintiff's motion for a Temporary Restraining Order and the case was tried thereafter on the merits. Judge Munson made a Memorandum Decision and Order dated February 28, 1981 dismissing the complaint on findings that plaintiff has not established a significant likelihood of confusion of sources, palming-off, dilution or unfair competition.

After careful review of the record, briefs and oral argument, we affirm the dismissal of this suit substantially for the reasons stated by Judge Munson.

/s/ J. Edward Lumbard
J. Edward Lumbard
Circuit Judge

/s/ James L. Oakes
James L. Oakes
Circuit Judge

/s/ Milton Pollack
Milton Pollack
District Judge

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF NEW YORK

HOLIDAY RAMBLER CORPORATION,
Plaintiff,

vs.

NORCOM DIVISION: N.M. PATERSON & SONS LIMITED; AND GLENN'S TRAILER MART, INC.,
Defendants.

80-CV-971

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HOWARD G. MUNSON, Chief U.S. District Judge

MEMORANDUM DECISION

The plaintiff Holiday Rambler Corporation (Holiday Rambler), organized under the laws of Indiana, has instituted this unfair competition action against the defendant Norcom Division: N.M. Paterson & Sons Limited (Norcom), a Canadian corporation, and the defendant Glenn's Trailer Mart, Inc. (Glenn's), a New York corporation. Counts I and II of the complaint arise under federal law, alleging trademark infringement, 15 U.S.C. § 1114(a), and false designation of origin, 15 U.S.C. § 1125(a). Counts III and IV assert state law violations, namely, antidilution, *see* N.Y. Gen. Bus. Law § 368-d, and common law unfair competition. For these allegedly wrongful acts, the plaintiff seeks, *inter alia,* preliminary and permanent relief, monetary relief, and attorneys fees. The defendants refute the plaintiff's allegations, and assert that the plaintiff is estopped from asserting a claim of infringement.

Having consolidated the hearing for preliminary and injunctive relief, *see* Fed. R. Civ. P. 65(a)(2), the Court now concludes that the plaintiff's complaint must be dismissed, and that its request for attorneys fees must be denied.

I.

Holiday Rambler is the manufacturer of various travel trailers and other recreational vehicles. Since 1954, Holiday Rambler has distributed various lines of travel trailers under a number of two-word registered and unregistered marks that include the word "Holiday": "Holiday House," "Holiday Trav'-ler," "Royal Holiday," "Holiday Rambler," "Holiday Ramblette," and "Holiday Cub." Infrequently, the plaintiff has merely used the unregistered word "Holiday." Specifically, two of its advertisements have read "Experience Holiday" and "A Holiday For All Seasons." Selling its products in a retail range of $6,900 to $45,000, Holiday Rambler has enjoyed a total sales in this country of approximately $500 million. Its marketing patterns are restricted to dealership arrangements, with 150

dealers in the United States, and one dealer in Canada. In this regard, the plaintiff has expended approximately $8 million in the advertisement and promotion of its marked products, using the media of trade shows, public exhibitions, trade and consumer outdoor recreational magazines, press releases, catalogues, and brochures. Its dealers, too, promote the marked goods. No promotions are done through the electronic media. Holiday Rambler also publicizes itself by distributing items such as hats, jewelry and key chains, and by endorsing a "Holiday Rambler Recreational Vehicle Club" for persons who own Holiday Rambler products. In addition to the advertisement and promotion of its marked products, Holiday Rambler has also sought to prevent other recreational vehicle dealers from utilizing the word "Holiday."

The defendant Norcom has distributed travel trailers and other recreational vehicles in Canada since 1961 only under the name "Holiday," receiving Canadian trademark registration for this use in 1965. Like Holiday Rambler, Norcom markets through a series of dealership networks. Furthermore, Norcom utilizes similar advertising and promotional media, expending approximately $250,000 in this regard. No magazine advertising, however, is specifically directed at the United States. Selling its units at a retail price range from $5,000 to $10 or $12,000, Norcom has enjoyed total sales in excess of $10 million per year. In 1978, the defendant decided to market its products in the United States, and in early 1980 began actively to promote its "Holiday" units through trade shows, dealer mailings, and brochures. At the present time, Norcom has only one dealer in this country, the defendant Glenn's. Although Norcom has consigned three units to Glenn's, this dealer has sold only one "Holiday" trailer to date. In this regard, it appears to be Norcom's present intent to continue to market its products in the United States under the "Holiday" name.

It is the defendants' use of the "Holiday" mark in the United States that the plaintiff contests. With respect to the defendant Norcom's Canadian use of this word, it is of interest to note that in 1977, the plaintiff's legal position regarding its own dealership in Canada was that "Holiday Rambler makes no use of 'Holiday' except in its distinctive and well-known combination marks" and that " 'Holiday' by itself is not distinctive of recreational vehicles.' "

II.

The issue underlying all four Counts of the complaint boils down to " 'whether there is any likelihood that an appreciable number of ordinarily prudent purchasers are likely to be misled, or indeed simply confused, as to the source of the goods in question.' " *McGregor-Doniger, Inc. v. Drizzle, Inc.*, 599 F.2d 1126, 1130 (2d Cir. 1979) (quoting *Mushroom Maker Inc. v. R.G. Barry Corp.*, 580 F.2d 44, 47 (2d Cir. 1978), *cert. denied*, 439 U.S. 1116 (1979)). *See Fisher Stoves, Inc. v. All Nighter Stove Works*, 626 F.2d 193-94 (1st Cir. 1980); *Alpha Industries, Inc. v. Alpha Steel Tube & Shapes*, 616 F.2d 440, 443 (9th Cir. 1980); *American Footwear Corp v. General Footwear Company, Ltd.*, 609 F.2d 655, 664 (2d Cir. 1979), *cert. denied*, 445 U.S. 951 (1980); *Scott Paper Company v. Scott's Liquid Gold, Inc.*, 589 F.2d 1225, 1229 (3d Cir. 1978). *See also Grotrian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons*, 523 F.2d 1331, 1342 n.21 (2d Cir. 1975) (same consideration underlie both infringement and unfair competition claims). *Cf: Amstar Corp. v. Domino's Pizza, Inc.*, 615 F.2d 252, 265 (5th Cir. 1980). (U.S. appeal pending). Of course, "every product has its own separate threshold for confusion of origin." *Taylor Wine Co., Inc., v. Bully Hill Vineyards, Inc.*, 569 F.2d 731, 733 (2d Cir. 1978). In this regard, the fact that "Holiday" is not a registered trademark of the plaintiff is irrelevant: "a trademark infringer need not expropriate the entire mark of another to be guilty of an enjoinable offense if

the imitation is of the salient feature of the mark in question." *Carter-Wallace, Inc., v. Proctor & Gamble Co.*, 434 F.2d 794, 801 (9th Cir. 1970). *See generally Saratoga Vichy Spring Co., Inc., v. Lehman*, 625 F.2d 1037 (2d Cir. 1980).

Both parties appear acquainted with some of the factors courts have employed to assess the likelihood of confusion where, as here, the products are similar: (1) the strength of the plaintiff's mark; (2) the similarities between the marks and products; (3) the relative qualities of the products; (4) the competitive proximity, or area and manner of current use; (5) the degree of care likely to be exercised by consumers; (6) actual confusion; and (7) the defendant's intent and good faith in adopting its mark. *See, e.g., RJR Foods, Inc., v. White Rock Corp.*, 603 F.2d 1058, 1061 (2d Cir. 1979); *Grotrian, Halfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons*, 523 F.2d at 1336; *Miss Universe, Inc. v. Patricelli*, 408 F.2d 406 (2d Cir. 1969). *See also McGregor-Doniger, Inc., v. Drizzle, Inc.*, 599 F.2d at 1130 (different products). *Cf: Alpha Industries, Inc., v. Alpha Steel Tubes and Shapes*, 616 F.2d at 443-46; *Amstar Corp. v. Domino's Pizza, Inc.*, 615 F.2d at 259-65. This list however, is not exhaustive. *See McGregor-Doniger, Inc. v. Drizzle, Inc.*, 599 F.2d at 1130; *AMF Incorporated v. Sleekcraft Boats*, 599 F.2d 341, 348 (9th Cir. 1979); *Triumph Hosiery Mills, Inc. v. Triumph International Corp.*, 308 F.2d 196, 198 (2d Cir. 1962).

With respect to the strength of the mark, the plaintiff has established no protectible interest in the word "Holiday." Being a descriptive term, insofar as it connotes to the average customer the vacational characteristic of the plaintiff's recreational vehicles, *see Abercrombie & Fitch Company v. Hunting World, Inc.*, 537 F.2d 4, 11 (2d Cir. 1976); *see also, In re Abcor Development Corp.* 588 F.2d 811, 814 (CCPA 1978), "Holiday" may receive protection only if it has acquired a significant second meaning. *See Perfect Fit Industries, Inc., v. Acme Quilting Co., Inc.*, 618 F.2d 950, 952-53 (2d Cir. 1980)

Flexitized, Inc. v. National Flexitized Corp., 335 F.2d 774, 779 (2d Cir. 1964), *cert. denied*, 380 U.S. 913 (1965). *Cf: Keebler Company v. Rovira Bisquit Corp.*, 624 F.2d 366, 374 n. 8 (1st Cir. 1980).

> The doctrine of secondary meaning requires not only that the mark have a subordinate meaning, but also that the *primary* significance of the mark in the minds of the consumers is the identification of the producer, not a designation of the product .... The crucial question .... always is whether the public is moved in any degree to buy an article because of its source.

American Footwear Corp. v. General Footwear Co., Ltd., 609 F.2d at 663. *See Soweco, Inc., v. Shell Oil Co.*, 617 F.2d 1178, 1183 & n. 16 (5th Cir. 1980); *RJR Foods, Inc., v. White Rock Corp.*, 603 F.2d at 1059; *Telemed Corp. v. Tel-med Inc.*, 588 F.2d 213, 219 (7th Cir. 1978); *Union Carbide Corp. v. Ever-Ready Incorporated*, 531 F.2d 366, 378-380 (7th Cir.) *cert. denied*, 429 U.S. 830 (1976). Among the factors a court may consider in determining secondary meaning are length and exclusivity of use, sales levels, and extent of advertising and promotions. *See, e.g., American Footwear Corp. v. General Footwear Co., Ltd.*, 609 F.2d at 663; *Union Carbide Corp. v. Ever-Ready Incorporated*, 531 F.2d at 380. In this regard, although the plaintiff has expended appreciable amounts of money on the advertising and promotion of its products over a long period of time, the word "Holiday" is a common name in general use that "naturally entail(s) a risk of some uncertainty and the law will not assure absolute protection." *Scott Paper Co., v. Scott's Liquid Gold, Inc.*, 589 F.2d at 1231. *See Telemed v. Tel-Med, Inc.*, 588 F.2d at 219; *AMP Incorporated v. Foy*, 540 F.2d 1181, 1186 (4th Cir. 1976). Indeed, one court has specifically held that " 'Holiday' is of weak trademark significance." *Holiday Inns, Inc., v. Holiday Out in America*, 481 F.2d

445 448 (5th Cir. 1973). Given the commonality of the word, an inference may thus arise that the likelihood of customer identification of "Holiday" with Holiday Rambler is slim. *See also Amstar Corp., v. Domino's Pizza, Inc.*, 615 F.2d at 259-60.

The plaintiff has not countered this inference with any credible evidence. Certain evidence submitted consisted of purely hearsay testimony by the Holiday Rambler's legal advisor concerning vague, isolated conversations with unidentified customers who purportedly referred to the plaintiff's products as "Holiday." The hearsay testimony of the plaintiff's regional sales manager was that a customer approached him at a trade show and complained about the failure of a local dealer to service his "Holiday" product. This testimony fails to establish that the customers identified any particular mark with the manufacturing source, for the possibility remains that the customer used the word "Holiday" because he mistakenly believed that his *product* was one of the plaintiff's displayed products. Finally, the plaintiff's employees further testified that its dealers, servicemen, competitors, and the trade press refer to Holiday Rambler as Holiday. On this score, as evidenced by the trade press, it would appear that these references merely amount to short-hand ways in specific contexts of referring to the plaintiff corporation, and are not indicative of any general significance attached to the word "Holiday."

Even if the plaintiff has established that "Holiday" has acquired secondary meaning, it has not satisfied the other relevant standards. With respect to the similarities of the marks, the two-word marks of Holiday Rambler usually display "Holiday" in staggered letters and in red, white, and blue, or red, white, and black colors. Norcom's mark appears in straight letters and in black and gold. Considering the general overall impression that these marks individually would have upon prospective purchasers, it seems clear than an examination of the defendant's mark would not lead one to conclude that it belonged to the plaintiff corporation. *See, e.g., American*

Home Products Corp. v. *Johnson Chemical Co., Inc.*, 589 F.2d 103, 107 (2d Cir. 1978). *McGregor-Doniger, Inc.* v. *Drizzle, Inc.*, 599 F.2d at 1133. *See also Alpha Industries, Inc.* v. *Alpha Steel Tube & Shapes*, 616 F.2d at 444; *Amstar Corp.* v. *Domino's Pizza, Inc.*, 615 F.2d at 260-61. The products both bear in various, conspicuous places the respective manufacturer's identification labels and other tags that identify the sources. On this score, the Second Circuit has noted that "there is hardly likelihood of confusion or palming-off when the name of the manufacturer is clearly displayed." *Base Camp* v. *Linear Design Labs, Inc.*, 467 F.2d 304, 310 (2d Cir. 1972). Additionally the plaintiff's products are white and "V"-shaped in the front, while the defendants Norcom's trailers are cream and lack any "V"-shaped front. Thus, the products do not create the same overall impression. *See RJR Foods, Inc.*, v. *White Rock Corp.*, 603 F.2d at 1060. In regard to the quality of the products, and the competitive proximity, both products are of comparable quality, and are marketed through similar channels. There is no indication that the plaintiff's goodwill or reputation has been tarnished, or that customers would be confused by the market patterns, in view of the different price ranges. Turning to the customer's degree of care, the testimony of both sides is that customers generally shop around before making the substantial investment in a travel trailer. Given the single-purchase nature of the products, it seems reasonable to conclude that prospective buyers exercise care, and are unlikely to make a purchase solely upon the basis of a mark. In short, it appears that trademarks by themselves are generally unimportant in this area. *See Fisher Stoves, Inc.*, v. *All Nighter Stove Works*, 626 F.2d at 194; *McGregor-Doniger, Inc.* v. *Drizzle, Inc.*, 599 F.2d at 1137; *AMF Incorporated* v. *Sleekcraft Boats*, 599 F.2d at 353; *Union Carbide Corp.* v. *Ever-Ready Incorporated*, 531 F.2d at 383. *Compare Hydra Mac, Inc.* v. *Mack Trucks*, 507 F.2d 1399, 1400 (CCPA 1975). With respect to customer confusion, the evidence of isolated circumstances, as

discussed in regard to secondary meaning, suffers for want of credibility, and at best indicates that an unappreciable number of persons have been confused. *See McGregor-Doniger, Inc.*, v. *Drizzle, Inc.*, 599 F.2d at 1137-38. Moreover, the nature and cost of the product as well as the presence of consumer care and selectivity, suggest that any likelihood of confusion would be dispelled during the prepurchase examination period. *See Grotrian, Helfferich, Schulz, Th. Steinweg Nachf.* v. *Steinway & Sons*, 523 F.2d at 1342. Finally, there is no evidence of malicious intent on the part of the defendants, and the lengthy Canadian usage of their mark indeed suggests that their American use is in good faith.

In short, the plaintiff has not established a significant likelihood of confusion of sources, palming-off, dilution, or unfair competition. Accordingly, its complaint is dismissed and its request for attorneys fees denied.

/s/ HOWARD G. MUNSON
Howard G. Munson
Chief U.S. District Judge

Dated: February 28, 1981
Syracuse, New York

Petitioner's Reply Brief

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1981

HOLIDAY RAMBLER CORPORATION,
Petitioner,

v.

NORCOM DIVISION: N.M. PATERSON & SONS LIMITED and GLENN'S TRAILER MART, INC.,
Respondents.

PETITIONER'S REPLY TO BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

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INTRODUCTION

The purpose of the Lanham Act is to protect the public from being confused as to the sponsorship or origin of goods or services. All Circuit Courts of Appeals, except the Second Circuit, have been most diligent in guarding the public's right not to be confused. Unfortunately, the Second Circuit has allowed, and, indeed, has encouraged similar goods with "shared trademarks" to enter the marketplace. Certiorari should be granted in this case so that the public will be protected from confusion as to the source or origin of goods in the marketplace.

ARGUMENT

The Second Circuit Is In Conflict With All Other Circuit Courts Of Appeals As They Have Not Placed Paramount Importance Upon The Protection Of The Public From Confusion

As discussed in the Petition for Certiorari, other Circuits have placed paramount importance on protecting the public from confusion when deciding a trademark case.[1] That trademark protection is important to the public as well as the trade cannot be doubted. As the Commissioner of Patents and Trademarks, Sidney A. Diamond, wrote:

> The trademark makes effective competition possible in a complex impersonal marketplace. It does so by providing a means through which the consumer can identify products that please him and then can reward the producer with continued patronage. *Without this method of product identification, informed consumer choice could not exist.* The trademark system serves the public interest by *protecting the consumer* and maintaining meaningful competition. Diamond, *The Public Interest and the Trademark System*, 62 JOURNAL OF THE PATENT OFFICE SOCIETY 528, 545 (1980).

Respondents have asserted that there is no conflict between the Second Circuit and any other Circuit as:

> The Second Circuit is not unmindful of the importance of protecting the consuming public from confusion in the marketplace (Brief in Opposition at 8).

However, the commentators have disagreed with this assertion.

In a recently published article, the authors, Goldberg & Borchard, stated:

> The Second Circuit itself repeatedly has recognized that "likelihood of confusion" is the standard for trade-

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[1] *See, e.g., James Burrough, Ltd.* v. *Sign of the Beefeater, Inc.*, 540 F.2d 266, 274 (7th Cir. 1976); *AMP Inc.* v. *Foy*, 540 F.2d 1181, 1186 (4th Cir. 1976).

> mark infringement cases, even those involving related goods. Furthermore, Congress has expressly indicated *that this standard is to be applied for the protection of trademark owners and the public. But a judicial gloss nevertheless has been added by the Second Circuit.* The likelihood of confusion standard is being applied in related goods cases only if it is not unfair to the interests of the private litigants—particularly the junior user—as subjectively determined by the Court. *The interests of the consuming public are being relegated to the back seat.* Is this appropriate in theory? Is it desirable in practice?
>
> * * * *
>
> Thus, it would seem that more emphasis should be placed on the interests of the public and of senior trademark owners. This would be more consistent with the intent of Congress in passing the Lanham Act. Goldberg & Borchard, *Related Goods Trademark Cases in the Second Circuit,* 70 Trade-Mark Rep. 287, 307, 310 (1980) (emphasis added, footnotes omitted).

In an article dealing with the case of *Mushroom Makers, Inc.* v. *R. G. Barry Corp.*, 580 F.2d 44 (2d Cir. 1978), *cert. denied*, 439 U.S. 1116 (1979), the author stated that the Court's interest was in balancing the equities involved, when its interest should have been "*to protect the public from confusion* and unfair trade practices." Fletcher, *The Mushrooms Case—A Toadstool By Any Other Name,* 70 Trade-Mark Rep. 314, 320 (1980).

Thus, it is clear that the Second Circuit is not mindful of the importance of protecting the consuming public from confusion in the marketplace and in conflict with all other Circuits. Therefore, the Supreme Court should grant Certiorari[2] so that

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[2] Petitioner notes that the Supreme Court has granted Certiorari in the case of *Ives Laboratories, Inc.* v. *Darby Drug Co.*, 638 F.2d 538 (2d Cir.), *cert. granted*, No. 81-11 (October 13, 1981). It is suggested that this would be an appropriate time to review both the Lanham Act as well as the Second Circuit's varied interpretation of that Act.

the basic purpose of the Lanham Act, to avoid public confusion as to the source or origin of goods, will be of paramount importance in the Second Circuit.

The Second Circuit Court Of Appeals Is In Conflict With All Other Circuits In Unilaterally Sanctioning The Use Of "Shared Trademarks" On Competing Goods

Respondents have asserted that there is no conflict between the Second Circuit and any other Circuit in that:

> Like the other Circuits, the Second Circuit has not been hesitant to enjoin the use of a trademark which produces a likelihood of confusion[3] (Brief in Opposition at 8).

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[3] Respondent has cited a few cases in which the Second Circuit has issued some Lanham Act relief. However, these cases are readily distinguishable in that the Second Circuit in these cases has not dealt with the protection of *words* as a trademark on competing goods:

1. In two cases, *Harlequin Enterprises Ltd.* v. *Gulf & Western Corp.*, 644 F.2d 946 (2d Cir. 1981), and *Dallas Cowboy Cheerleaders, Inc.* v. *Pussycat Cinema, Ltd.*, 604 F.2d 200 (2d Cir. 1979), *no trademarks were involved.*

2. In *Ives Laboratories, Inc.* v. *Darby Drug Co.*, 638 F.2d 538 (2d Cir.), *cert. granted*, No. 81-11 (October 13, 1981), the issue was whether the Defendant manufacturers and wholesalers of identically colored, look-alike drug capsules could be held liable for the act of druggists who labeled a generic drug as Plaintiff's trademarked product. The Court held that a manufacturer or wholesaler would be liable under Section 32 if he suggested, even if only by implication, that a retailer fill a bottle with a generic capsule and apply the trademark to the label. Thus, likelihood of confusion was never even a significant issue.

3. In *The Matter of Vuitton Et Fils S.A.*, 606 F.2d 1 (2d Cir. 1979), the Court, in a mandamus action, temporarily restrained the continued selling of counterfeit merchandise. The significant issues before the Court were the standards for issuing mandamus relief and an *ex parte* temporary restraining order.

In the foregoing cases, the Second Circuit has not dealt with the protection of *words* as a trademark on competing goods.

Once again the commentators disagree:

> As far as the interests of the private parties are concerned, the current Second Circuit related goods doctrine does not afford as much protection to the first user of a mark as would a doctrine based upon consumer protection. A consumer protection doctrine would be concerned only with whether a second use of a trademark was likely to cause confusion. But the Second Circuit now requires the first user to prove *not only a likelihood of confusion, but also a superior equity in the balancing test.* And this balancing test is skewed against the first user: its interest in exclusive use of a mark is balanced against the second user's interest in *sharing the mark.* It is much easier to argue an *interest to share* than an interest to exclude. . . . Consequently, the present status of the related goods doctrine in the Second Circuit is a clear *invitation to sharing.* Goldberg & Borchard, *Related Goods Trademark Cases in the Second Circuit,* 70 Trade-Mark Rep. 287, 309 (1980) (emphasis added, footnotes omitted).

Moreover, other commentators have been equally as critical of the Second Circuit. While discussing trademark protection in the Second Circuit, one author noted:

> "The current Second Circuit, . . . simply turns the law of trademark infringement as it relates to related goods on its head. Louis Carroll could hardly have done better. Greenbaum, *The Thirty-Second Year Of Administration Of The Lanham Trademark Act Of 1946,* 69 Trade-Mark Rep. 517, 592 (1979).[4]

As the cases[5] discussed in the Petition for Certiorari reveal, the Second Circuit has not only been hesitant to enjoin the use

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[4] For an excellent historical perspective of the Second Circuit's schizophrenia in the trademark area, see J. McCarthy, *Related Goods: Judicial Schizophrenia In The Second Circuit,* TRADEMARKS AND UNFAIR COMPETITION § 24:9 (1973).

[5] *See Vitarroz Corp.* v. *Borden, Inc.,* 644 F.2d 960 (2d Cir. 1981); *Manhattan Industries, Inc.* v. *Sweater Bee By Bannf Ltd.,* 627 F.2d 628 (2d Cir. 1980); *American Footwear Corp.* v. *General*

(Footnote continued on following page.)

of trademarks which produce a likelihood of confusion, but they have refused to do so.[6] Moreover, the Second Circuit has allowed goods of competitors to be placed within the marketplace with a "shared trademark." This "shared trademark" doctrine is in clear conflict with all other Circuit Courts of Appeals, and with the Congressional intent of the Lanham Act.

(Footnote continued from preceding page.)

Footwear Co., 609 F.2d 655 (2d Cir. 1979), *cert. denied*, 445 U.S. 951 (1980); *McGregor-Doniger, Inc.* v. *Drizzle, Inc.*, 599 F.2d 1126 (2d Cir. 1979).

[6] For example, in *Mushroom Makers, Inc.* v. *R. G. Barry, Corp.*, 580 F.2d 44 (2d Cir. 1978), *cert. denied*, 439 U.S. 1116 (1979), the Second Circuit found *likelihood of confusion as a matter of law.* Nevertheless, the Second Circuit refused to enjoin the *concurrent* use of the trademarks, thus sanctioning "shared trademarks" and public confusion as to the source or origin of goods.

The Respondents, in their Brief in Opposition, have ignored the Second Circuit's decision in *Mushroom Makers*, and have attempted to misdirect this Court's attention to the District Court's holding in *Mushroom Makers* that there was no likelihood of confusion. However, the Second Circuit specifically reversed the District Court and found likelihood of confusion as a matter of law. *Mushroom Makers, supra*, at 48.

CONCLUSION

The Second Circuit, in adopting a "shared trademark" doctrine, is allowing the public to be confused as to the source or origin of goods. This "shared trademark" doctrine and the disregarding of the public interest in trademark cases by the Second Circuit should be abolished by the Supreme Court.

Therefore, Petitioner earnestly prays this Court to grant the Petition for Certiorari so that the conflict which the Second Circuit has created between the Circuits in unilaterally adopting a "shared trademark" doctrine may be resolved.

Respectfully submitted,

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